

ATTACHMENT II



Kmart Corporation
International Headquarters
3100 West Big Beaver Road
Troy, MI 48064-3183
810 643-1000

TO: Kmart Store Personnel / Distributor Network

FROM: Bill Burgess, Kmart Category Manager

DATE: November 25, 1996

RE: Department 57 - Authorization to Adjust Plan-o-gram

As you are aware, specific plan-o-grams have been issued for Department 57 to coincide with the re-location of the Cigarette department. As stated in the brochure that detailed this change, a clustering approach was used to group stores with like profiles. All stores were then classified as a specific cluster type. Plans were built using the item selection that best fit the cluster profile, and was then matched to each store's specific layout configuration.

As this clustering approach is utilized, brands that are represented on the plan-o-grams are the brands that have the best consumer appeal for the entire cluster. In an effort to cater more specifically to an individual store's customer base, slight changes to the plan-o-gram at various times throughout the year will become necessary. This letter gives the authorization to all cigarette manufacturers to work with store personnel to achieve the best possible mix. All manufacturers are allowed to make slight adjustments within their confined space allocation on the existing plan-o-gram. No manufacturer should encroach on the space that was allocated for another manufacturer. They may either add or delete items that make sense based on historical data or knowledge, by either adding or deleting facings of their OWN BRANDS.

Again, this applies to RJ Reynolds, Brown & Williamson, Lorillard, and Philip Morris. If there are any questions, please call the number listed below. Thank You.

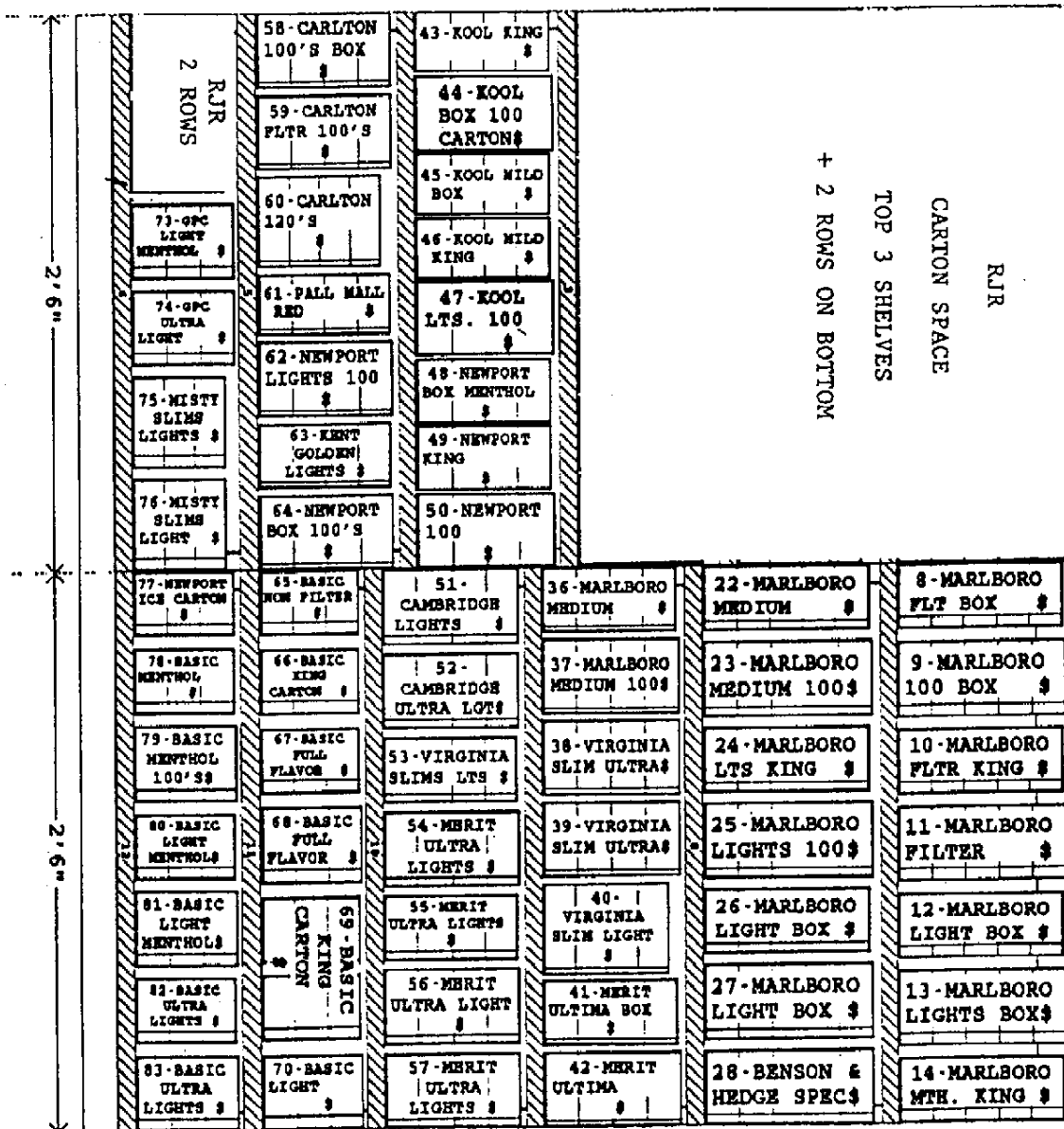
Bill Burgess
Kmart Category Manager (810) 643-1714.

Cc: All Cigarette Manufacturers

51853 2734

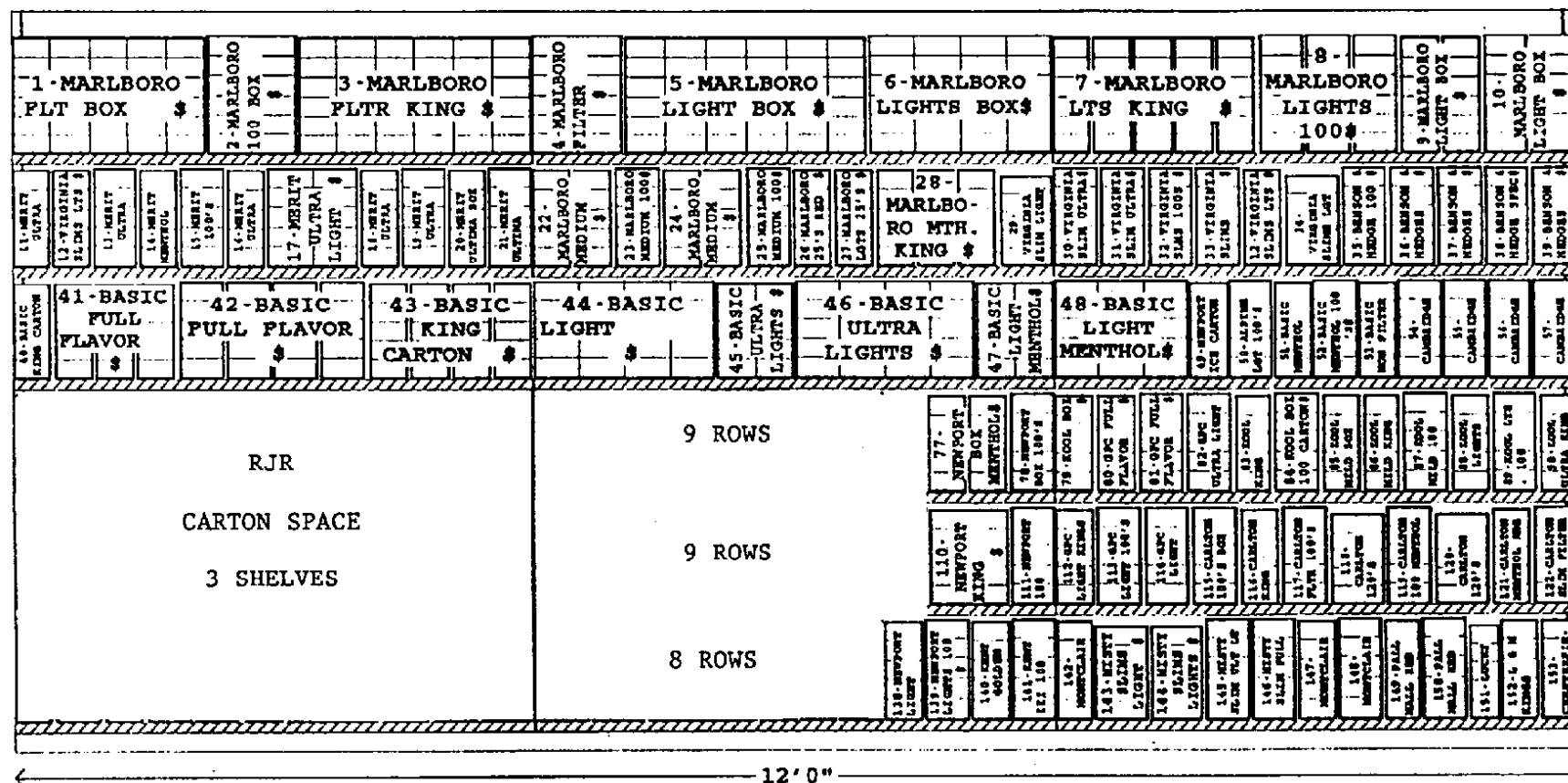
51853 2735

FIXTURES: (10) 10" SHELVES



Knarrt/SUPPER K
 SELF SERVICE CARTON FIXTURE
 2.5' CONDOIA/6 SHELF/2 SIDED

Kmart/SUPER K
SELF SERVICE CARTON FIXTURE
3 - 4' FIXTURES/6 SHELF



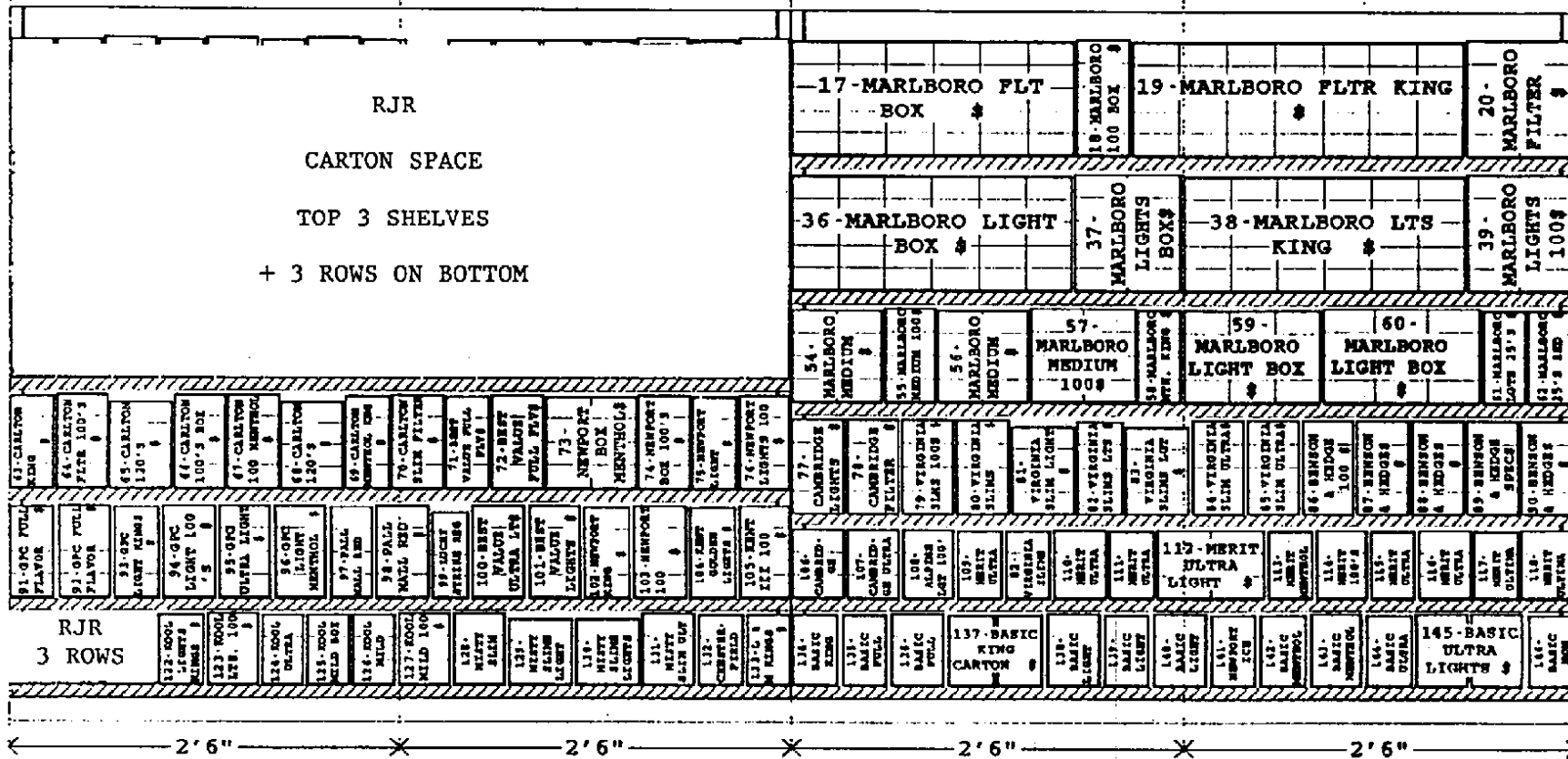
9872 85815

FIXTURES: (3) 4' PM VISION 2000 CARTON MERCHANDISERS
PHILIP MORRIS USA 1-212-880-5000

51853 2737

FIXTURES: (4) 4' PM VISION 2000 CARTON MERCHANDISERS
PHILIP MORRIS USA 1-212-880-5000

Kmart/SUPER K
NON SELF SERVICE CARTON FIXTURE
2 - 5' GONDOLAS/6 SHELF

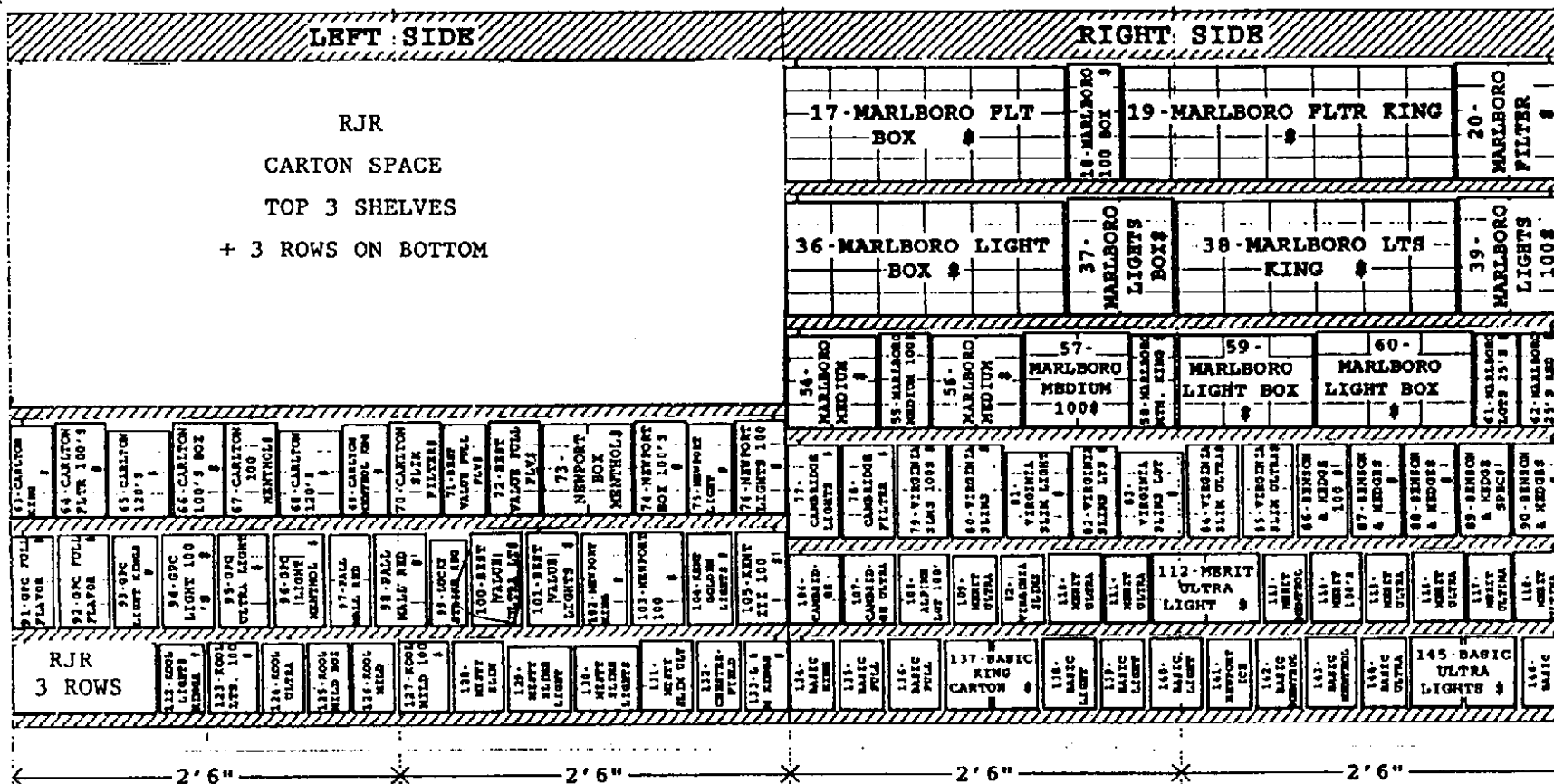


USE WITH: 160 SL PACK MERCHANDISER

51853 2739

FIXTURES: (20) 10" SHELVES

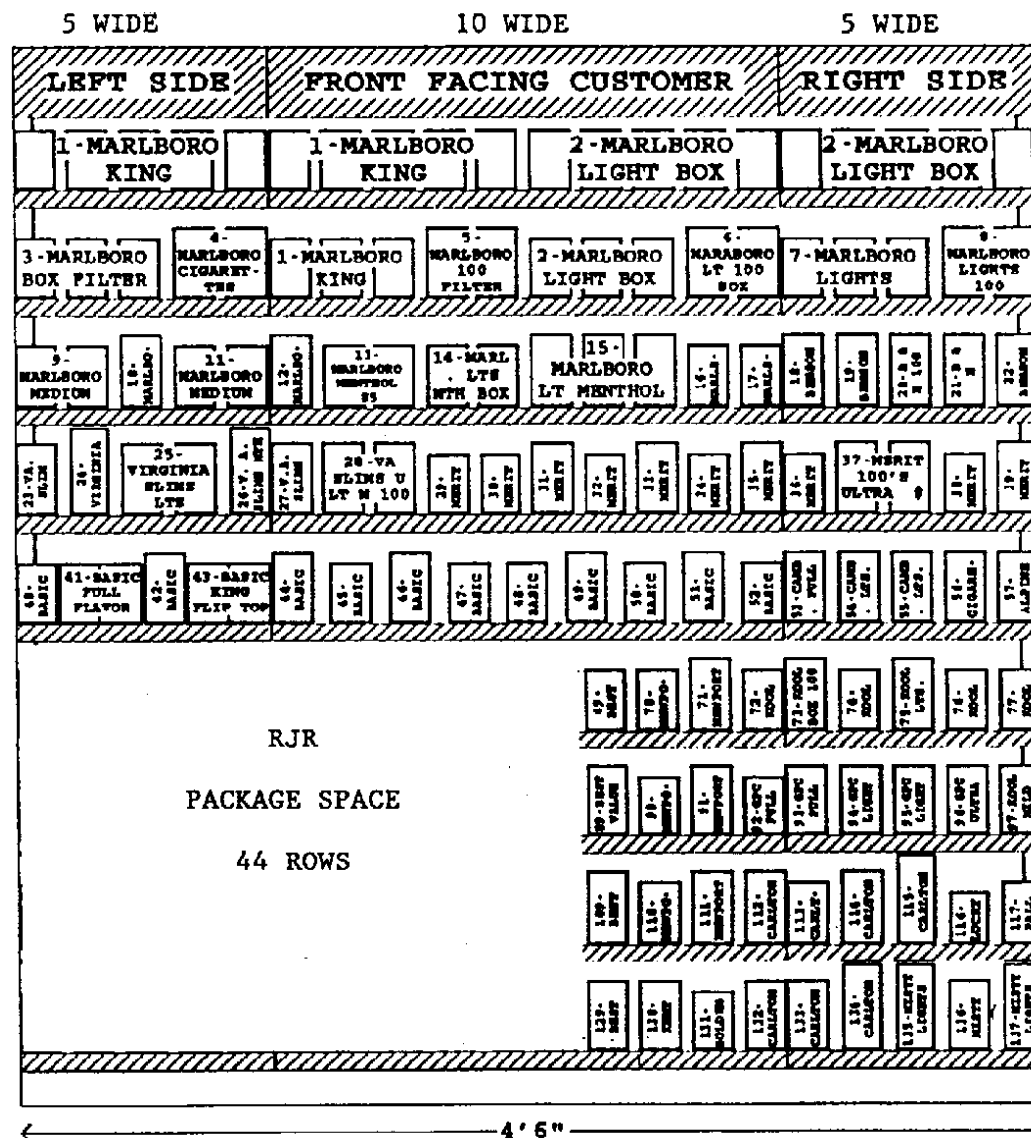
KMILL/SUPER K
 SELF SERVICE CARTON FIXTURE
 5' GONDOLA/6 SHELF/2 SIDED



51853 2740

FIXTURES: (20) 10" SHELVES

Kmart/SUPER K
SELF SERVICE PACKAGE FIXTURE
1-160 SPRING LOAD MERCHANDISER



1872 85819

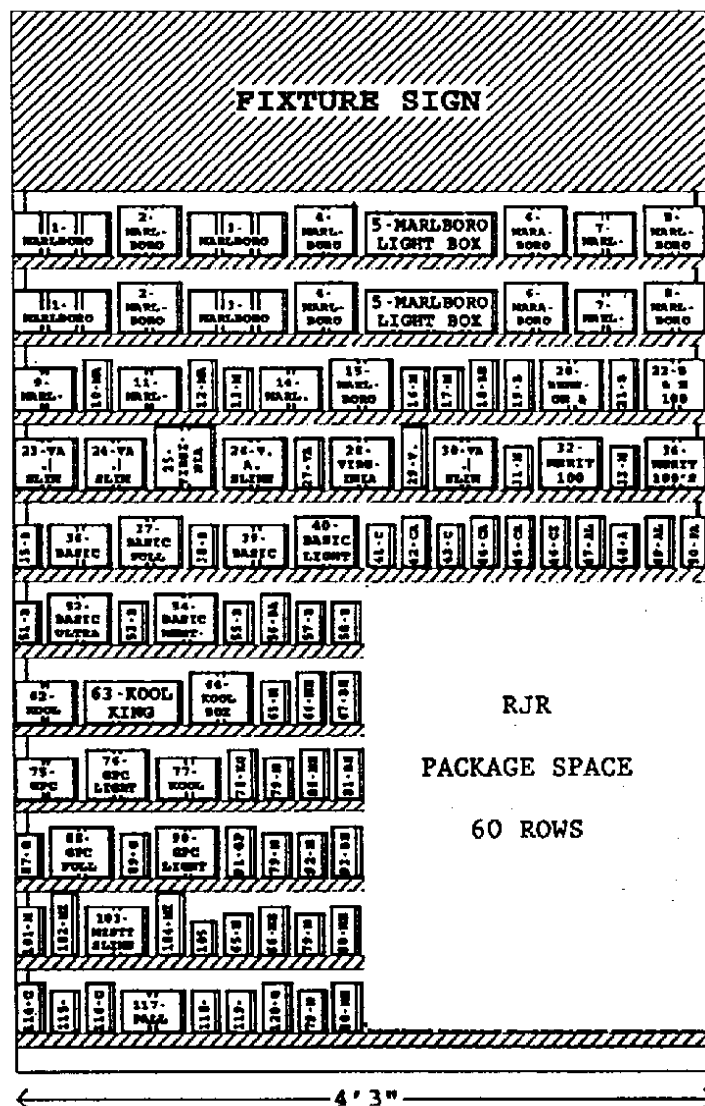
FIXTURE: (1) 160 SL PACK MERCHANDISER
PHILIP MORRIS USA 1-212-880-5000

5 WIDE



FIXTURE: (2) 200 SL PACK MERCHANDISER
PHILIP MORRIS USA 1-212-880-5000

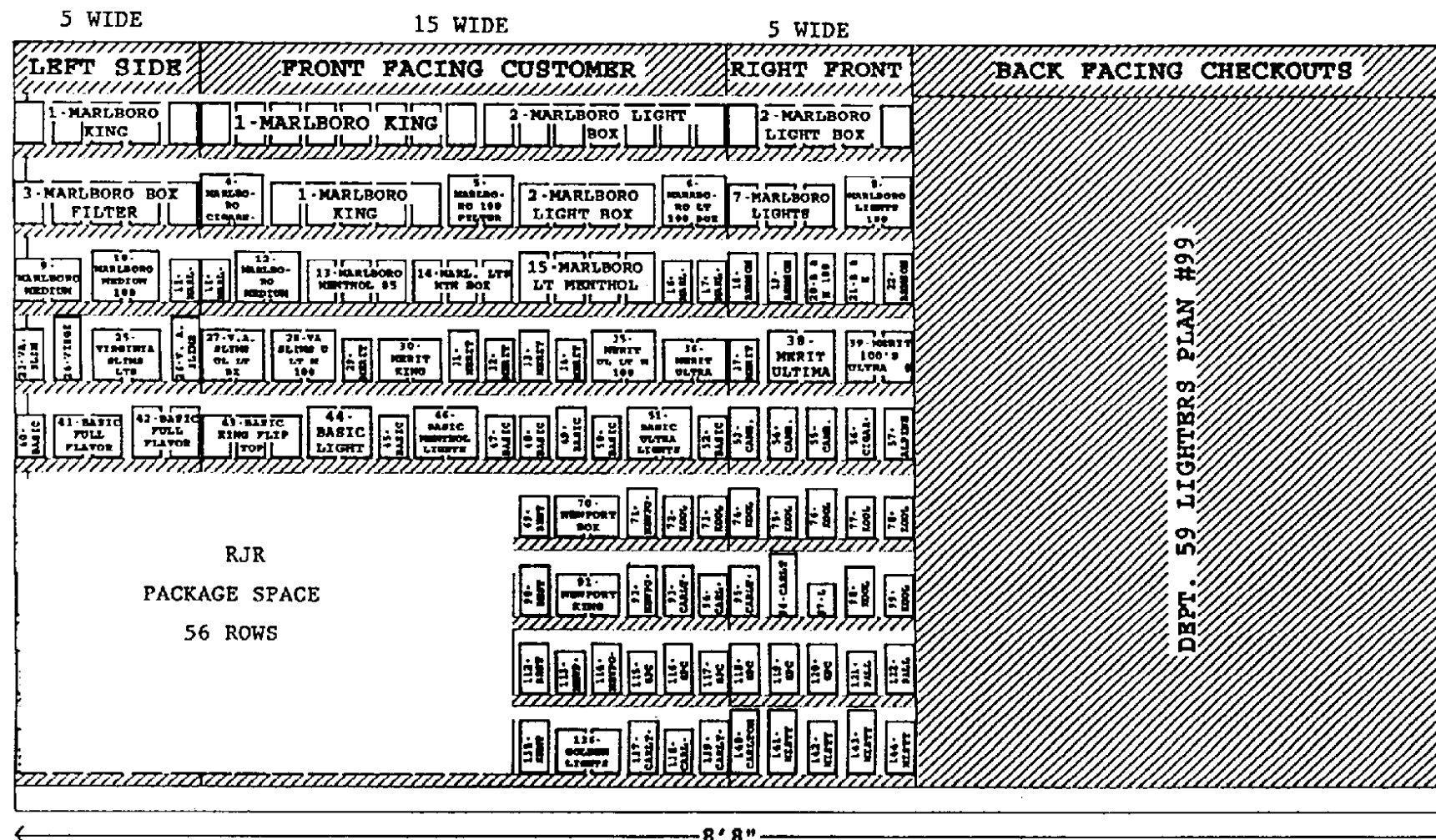
Kmart/SUPER K
NON SELF SERVICE PACKAGE FIXTURE
1-220 SPRING LOAD MERCHANDISER



51853 2743

FIXTURE: (1) 220 SL PACK MERCHANDISER
PHILIP MORRIS USA 1-212-880-5000

Kmarl/SUPER K
SELF SERVICE PACKAGE FIXTURE
1-200 SPRING LOAD MERCHANDISER



51853 2744

FIXTURE: (1) 200 SL PACK MERCHANDISER
PHILIP MORRIS USA 1-212-880-5000